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TOWN OF OBERLIN, LOUISIANA

Financial Report

Year Ended June 30, 2002

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/24/02

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MANAGEMENT LETTER

The Honorable Phillip W. Beard, Mayor,
and Members of the Board of Aldermen
Town of Oberlin, Louisiana

We have completed our audit of the basic financial statements of the Town of Oberlin for the year ended June 30, 2002 and submit the following suggestions for your information and consideration in improving the efficiency and effectiveness of the operations of the Town of Oberlin's office. These comments were also included in our management letter dated October 10, 2001 relative to our audit of the financial statements for the year ended June 30, 2001, but are mentioned again for re-emphasis:

1. Consideration should be given to increasing rates and/or decreasing expenses in order to generate a profit in the Gas and Water and Sewer Utility Funds.
2. The town should explore the possibility of obtaining more competitive rates for group insurance.

We would like to express our appreciation to you and your office staff for the courtesies and assistance rendered to us during the performance of our audit. Should you have any questions or need assistance in implementing our recommendations, please feel free to contact us.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
October 24, 2002

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INDEPENDENT AUDITORS' REPORT

* A Professional Accounting Corporation

The Honorable Phillip W. Beard, Mayor,
and Members of the Board of Aldermen
Town of Oberlin, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Oberlin, Louisiana, as of and for the year ended June 30, 2002, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Oberlin, Louisiana, as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the basic financial statements, the Town of Oberlin adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, Statement No. 37, Basic Financial Statements - And Management's Discussion and Analysis - For State and Local Governments: Omnibus, Statement No. 38, Certain Financial Statement Note Disclosures, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements. This results in a change in the format and content of the basic financial statements.

In accordance with Government Auditing Standards, we have also issued a report dated October 24, 2002 on our consideration of the Town of Oberlin's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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The Management's Discussion and Analysis and the other required supplementary information on pages 4 through 14 and 49 through 51, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Oberlin's basic financial statements. The other supplementary information on pages 54 through 75 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Town of Oberlin, Louisiana. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
October 24, 2002

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis (Unaudited)

Within this section of the Town of Oberlin, Louisiana (the Town) annual financial report, the Town's management is pleased to provide this narrative discussion and analysis of the financial activities of the Town for the fiscal year ended June 30, 2002. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The Town's assets exceeded its liabilities by \$3,342,710 (net assets) for the fiscal year reported.
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$2,562,797 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net assets of \$215,879 are restricted by constraints imposed from outside the Town such as debt covenants.
 - (3) Unrestricted net assets of \$564,034 represent the portion available to maintain the Town's continuing obligations to citizens and creditors.
- The Town's governmental funds reported total ending fund balance of \$612,291 this year. This compares to the prior year ending fund balance of \$502,925 showing an increase of \$109,366 during the current year. Unreserved fund balance of \$393,501 for fiscal year 2002 shows a \$66,617 increase from the prior year.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$220,456, or 35% of total General Fund expenditures
- Grant revenue from the Coushatta Tribe of Louisiana provides major revenues for the Town.
- Overall, the Town continues to maintain a strong financial position, in spite of a somewhat depressed economy.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Town also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available. All applicable tables will present comparative data in fiscal year 2003.

TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis (Unaudited) (Continued)

Government-Wide Financial Statements

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the Town's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall health of the Town would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of Town infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the Town's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Town that are principally supported by sales and franchise taxes and Coshatta Tribe grant revenue and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, streets and urban development and housing. Business-type activities include the gas, water and sewer systems.

The government-wide financial statements are presented on pages 17 & 18 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The Town has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis (Unaudited) (Continued)

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 21-24 of this report.

Individual fund information for non-major governmental funds is found in combining statements in a later section of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the Town charges customers a fee. The two Town proprietary funds are classified as an enterprise fund. These enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the Town organization for gas, water and sewer utilities.

The basic enterprise fund financial statements are presented on pages 25-28 of this report.

Notes to the basic financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 29 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general fund and the two major special revenue funds. Budgetary comparison schedules for all other governmental funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the Town's adopted and final revised budget. Required supplementary information can be found on pages 49-51 of this report.

As discussed, the Town reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page 58.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (DOLLARS ARE IN THOUSANDS)

The Town implemented the new financial reporting model used in this report beginning with the current fiscal year ended June 30, 2002. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Town as a whole.

TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis (Unaudited) (Continued)

The Town's net assets at fiscal year-end are \$ 3,342,710. The following table provides a summary of the Town's net assets:

	Summary of Net Assets			
	Governmental Activities	Business-type Activities	Total	Percentage Total
Assets:				
Current assets and other assets	\$ 768,594	\$ 351,346	\$ 1,119,940	23%
Restricted assets	-	65,300	65,300	1%
Capital assets	996,382	2,793,988	3,790,370	76%
Total assets	<u>1,764,976</u>	<u>3,210,634</u>	<u>4,975,610</u>	<u>100%</u>
Liabilities:				
Current liabilities	229,214	1,062,386	1,291,600	79%
Long-term liabilities	276,000	65,300	341,300	21%
Total liabilities	<u>505,214</u>	<u>1,127,686</u>	<u>1,632,900</u>	<u>100%</u>
Net assets:				
Investment in capital assets, net of debt	650,382	1,912,415	2,562,797	77%
Restricted	215,879	-	215,879	6%
Unrestricted	393,501	170,533	564,034	17%
Total net assets	<u>\$ 1,259,762</u>	<u>\$ 2,082,948</u>	<u>\$ 3,342,710</u>	<u>100%</u>

The Town continues to maintain an adequate current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 3.49 to 1 and 2.85 to 1 for business-type activities. For the Town overall, the current ratio is 3.05 to 1. These ratios are very adequate.

The Town reported positive balances in net assets for both governmental and business-type activities. Net assets increased \$124,274 for governmental activities and by \$21,342 for business-type activities. The Town's overall financial position improved during fiscal year 2002.

Note that approximately 52% of the governmental activities' net assets are tied up in capital (with 73% of the governmental capital assets being infrastructure). The Town uses these capital assets to provide services to its citizens. However, with business type activities, the Town has spent approximately 92% of its net assets on capital. Capital assets in the business-type activities provide utility services, but they also generate revenues for this fund. Eighty-seven percent of the Town's total net assets are included in capital assets.

TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis (Unaudited) (Continued)

Since this is the first year in which government-wide information is available, comparative data is not presented. However, comparative data will be accumulated and presented to assist analysis in future years. The following table provides a summary of the Town's changes in net assets:

Summary of Changes in Net Assets				
	Governmental Activities	Business-type Activities	Total	Percentage of Total
Revenues:				
Program:				
Charges for services/fines	\$ 125,326	\$ 653,876	\$ 779,202	49%
Operating grants	493,021	-	493,021	31%
Capital grants	4,474	22,100	26,574	2%
General:				
Property taxes	49,204	-	49,204	3%
Sales taxes	162,462	-	162,462	10%
Franchise taxes	53,634	-	53,634	3%
Unrestricted grants	3,405	-	3,405	0%
Interest	18,161	3,846	22,007	1%
Other	10,485	-	10,485	1%
Total revenues	<u>920,172</u>	<u>679,822</u>	<u>1,599,994</u>	<u>100%</u>
Program expenses:				
General government	183,878	-	183,878	13%
Public safety:				
Police	346,022	-	346,022	24%
Streets	177,942	-	177,942	12%
Urban redevelopment and housing	54,017	-	54,017	4%
Interest	23,692	-	23,692	2%
Gas, water and sewer	-	668,827	668,827	46%
Total expenses	<u>785,551</u>	<u>668,827</u>	<u>1,454,378</u>	<u>100%</u>
Excess	134,621	10,995	145,616	
Transfers	<u>(10,347)</u>	<u>10,347</u>	<u>-</u>	
Change in net assets	124,274	21,342	145,616	
Beginning net assets	<u>1,135,488</u>	<u>2,061,606</u>	<u>3,197,094</u>	
Ending net assets	<u>\$ 1,259,762</u>	<u>\$ 2,082,948</u>	<u>\$ 3,342,710</u>	

TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis (Unaudited) (Continued)

GOVERNMENTAL REVENUES

The Town is heavily reliant on sales taxes, user charges and fines to support governmental operations. Sales taxes provided 10% of the Town's total revenues. User charges and fines equal 49% of total Town revenues. Because of the Town's healthy financial position, we have been able to earn \$18,161 in interest earnings to support governmental activities. Also, note that program revenues cover 79% of governmental operating expenses. This large percentage is very unusual but relates to the large operating grants from Coushatta Tribe grant revenue as compared to its governmental activity costs. This means that the government's taxpayers and the Town's other general revenues fund only 21% of the governmental activities.

GOVERNMENTAL FUNCTIONAL EXPENSES

Police services comprise 24% of the Town's total expenses and 44% of the total governmental expenses. The streets function makes up 12% of the total expenses and 23% of the total governmental expenses.

This table presents the cost of each of the Town's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the Town's taxpayers by each of these functions.

Governmental Activities

	Total Cost of Services	Net Cost of Services
General government	\$ 183,878	\$ 128,423
Public safety:		
Police	346,022	827
Streets	177,942	9,788
Urban redevelopment & housing	54,017	-
Interest on long-term debt	23,692	23,692
Total	<u>\$ 785,551</u>	<u>\$ 162,730</u>

However, note that the Town must spend its Coushatta Tribe grant revenue, 60% for police protection and 40% for maintenance of streets. As a result, the net cost of these services to the Town's taxpayers is minimal.

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

The operating revenues for the utility funds were 2% over 2001 and operating expenses 8% less than 2001. Within the total business-type activities of the Town, these activities reported a \$10,306 operating loss compared to an operating loss of \$79,745 for the prior year. This change was a reduction of approximately 96%.

TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis (Unaudited) (Continued)

The revenue for the water and sewer fund was increased by \$62,358 or approximately a 30% increase over the prior year. This increase relates to the approved increases in the base water rates, effective in January 2002.

However, revenue from natural gas sales was approximately 12.6% less than 2001. This change relates primarily to the fact that 2001 was an extremely cold year and more gas was sold. Fiscal 2002 was not as cold. In addition to less usage, the cost of gas that the Town purchased was less than the prior year, which resulted in lower fuel adjustment charges passed on to the consumer, or less gas revenues to the Town. The gross profit (i.e., the charges to customers less the cost of natural gas purchased) increased from \$129,435 to \$197,422 – an increase of \$67,987.

The total utility services broke even in fiscal year 2002, as compared to a \$59,000 loss in fiscal year 2001. As a result, the utility operations are moving in the right direction financially.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Governmental funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$612,291. Of this year-end total, \$393,501 is unreserved indicating availability for continuing Town service requirements. Legally restricted fund balance (i.e., the reserved fund balances) is committed to service debt for \$218,790.

The total ending fund balances of governmental funds show an increase of \$109,366 or 21.7% over the prior year. This increase is primarily the result of the events and programs described within the analysis of the Town's governmental activities.

Major Governmental Funds

The General Fund is the Town's primary operating fund and the largest source of day-to-day service delivery. The General Fund's 2002 fund balance increased by \$39,315. In fiscal year 2001, the fund balance increased \$66,244. However, the reader needs to remember that the Town controls some of these differences by the amount of resources it transfers in from the Sales Tax Funds. Key factors contributing to this change were revenues modestly in excess of final projections and continued efforts to control operating costs.

State and federal revenues were \$60,293 less than 2001, primarily because of the State of Louisiana grants received in fiscal 2001 were \$33,000 less. In addition, the COPS grant was \$10,000 less than 2001.

Fine revenues increased \$45,882 from the prior year because of the Police Department participating in the LACE program. This program allows police officers to make \$12/hour during off duty time by writing LACE tickets. The program requires an officer to write at least one LACE ticket per hour. Thus, the increase in tickets issued resulted in increased fines revenue.

The expenditures side shows a decrease of \$19,530 or 3% under the prior year. This decrease related primarily to lesser amounts of capital assets purchased in 2002 as compared to 2001.

TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis (Unaudited) (Continued)

The General Fund's ending fund balance is considered adequate, representing the equivalent of 28% of annual expenditures.

The Sales Tax Fund continues to accumulate a strong fund balance with sales tax revenues in 2002 being 19% more than 2001, in spite of a sagging national economy. Transfers to other funds were \$4,000 more than the prior year, with the majority being transferred to the General Fund.

The Proprietary fund

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The analysis included above for the water and sewer fund and the gas fund is applicable here.

BUDGETARY HIGHLIGHTS

The General Fund

The General Fund's original revenue budget was above the 2001 actual revenues but the final budget was less than the actual amounts reported in fiscal year 2001. The expenditure side of the original budget for the General Fund was increased approximately \$11,000 or 1.8% this year.

As discussed above, the fine revenue budget was amended upward to match the actual revenues in 2002. In addition, again, the State of Louisiana grant was \$30,000 less than 2001.

The Sales Tax Fund

The actual sales taxes for the Sales Tax Fund exceeded the original budget by approximately 16%.

The Section 8 Housing Fund

The federal grant increased approximately 20% over 2001. In addition, the housing assistance payments increased approximately by the same amount of grant increase.

TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis (Unaudited) (Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Town's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2002, was \$996,382 and \$2,793,988 respectively. The total decrease in this net investment was 5.1% for governmental and a 42.4% increase for business-type activities. The overall increase was 25.8% for the Town as a whole. See Note 9 for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	Governmental Activities		Business Activities		Total	
	2002	2001	2002	2001	2002	2001
<i>Non-depreciable assets:</i>						
Land	\$ 138,312	\$ 138,312	\$ 7,224	\$ 7,224	\$ 145,536	\$ 145,536
Construction in progress	-	-	881,573	253,178	881,573	253,178
Total non-depreciable	138,312	138,312	888,797	260,402	1,027,109	398,714
<i>Depreciable assets:</i>						
Buildings	165,507	165,507	-	-	165,507	165,507
Equipment, furniture and fixtures	137,440	130,717	65,096	65,096	202,536	195,813
Vehicles	105,583	105,583	-	-	105,583	105,583
Utility systems	-	-	3,131,112	2,869,361	3,131,112	2,869,361
Infrastructure	885,412	885,412	-	-	885,412	885,412
Total depreciable assets	1,293,942	1,287,219	3,196,208	2,934,457	4,490,150	4,221,676
Less accumulated depreciation	435,872	375,383	1,291,017	1,232,900	1,726,889	1,608,283
Book value - depreciable assets	858,070	911,836	1,905,191	1,701,557	2,763,261	2,613,393
Percentage depreciated	34%	29%	40%	42%	38%	38%
Book value - all assets	\$ 996,382	\$1,050,148	\$2,793,988	\$1,961,959	\$3,790,370	\$ 3,012,107

At June 30, 2002, the depreciable capital assets for governmental activities were 34% depreciated. This depreciated amount increased 5% over the June 30, 2001 percentage. This increase, which results in a decrease in the book value, indicates that the Town is not replacing its assets at the same rate as they are depreciating. This is a negative trend.

TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis (Unaudited) (Continued)

With the Town's business-type activities, 40% of the asset values were depreciated at June 30, 2002 compared to 42% at June 30, 2001. The two major components (excluding the construction in progress) of those asset values are as follows:

	Business-type Activities Depreciable Capital Assets	
	Gas	Water & Sewer
Cost	\$ 308,495	\$ 2,822,617
Less accumulated depreciation	<u>252,736</u>	<u>1,012,202</u>
Book value	<u>\$ 55,759</u>	<u>\$ 1,810,415</u>
Percentage depreciated	82%	36%

The 82% is a concern to the Town as we are not making improvements to the Gas System at the same rate it is being depreciated.

The construction in progress is a sewer collection system improvements project.

Long-term debt

At the end of the fiscal year, the Town had total bonded debt outstanding of \$346,000. Of this amount, \$66,000 is backed by the full faith and credit of the Town (general obligation bonds) with debt service fully funded by ad valorem taxes. The other component is \$280,000 supported by pledged general fund revenues. The town has no revenue bonds outstanding.

During the year, the Town retired \$68,000 or 16.4% of the beginning outstanding bonded debt balance.

Outstanding Borrowings

	Governmental Activities		Percentage Change
	2002	2001	
General obligation bonds	\$ 66,000	\$ 84,000	-21.4%
Certificates of indebtedness	<u>280,000</u>	<u>330,000</u>	-15.2%
Total	<u>\$ 346,000</u>	<u>\$ 414,000</u>	-20.6%

TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis (Unaudited) (Continued)

See Note 12 for additional information about the Town's long-term debt.

Contacting the Town's Financial Management

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Town's Mayor, Phillip W. Beard, at P.O. Box 370 Oberlin, LA 70655.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

TOWN OF OBERLIN, LOUISIANA

Statement of Net Assets June 30, 2002

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 639,026	\$ 146,798	\$ 785,824
Receivables, net	16,619	214,997	231,616
Internal balances	10,449	(10,449)	-
Due from other governmental units	102,500	-	102,500
Total current assets	<u>768,594</u>	<u>351,346</u>	<u>1,119,940</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	-	65,300	65,300
Capital assets, net	996,382	2,793,988	3,790,370
Total noncurrent assets	<u>996,382</u>	<u>2,859,288</u>	<u>3,855,670</u>
Total assets	<u>1,764,976</u>	<u>3,210,634</u>	<u>4,975,610</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	50,197	176,168	226,365
Deferred revenue	106,106	-	106,106
Bond anticipation notes payable	-	881,573	881,573
Bonds and certificates payable	70,000	-	70,000
Accrued interest	2,911	4,645	7,556
Total current liabilities	<u>229,214</u>	<u>1,062,386</u>	<u>1,291,600</u>
Noncurrent liabilities:			
Customers' deposits payable	-	65,300	65,300
Bonds and certificates payable	276,000	-	276,000
Total noncurrent liabilities	<u>276,000</u>	<u>65,300</u>	<u>341,300</u>
Total liabilities	<u>505,214</u>	<u>1,127,686</u>	<u>1,632,900</u>
NET ASSETS			
Invested in capital assets, net of related debt	650,382	1,912,415	2,562,797
Restricted for debt service	215,879	-	215,879
Unrestricted	393,501	170,533	564,034
Total net assets	<u>\$ 1,259,762</u>	<u>\$ 2,082,948</u>	<u>\$ 3,342,710</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF OBERLIN, LOUISIANA

Statement of Activities
Year Ended June 30, 2002

Activities	Program Revenues			Net (Expense) Revenues and	
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Changes in Net Assets
					Governmental Activities
Governmental activities:					Business-Type Activities
General government	\$ 183,878	\$ 55,455	\$ -	\$ -	\$ -
Public safety:					
Police	346,022	69,871	270,850	4,474	-
Streets	177,942	-	168,154	-	(827)
Urban redevelopment and housing	54,017	-	54,017	-	(9,788)
Interest on long-term debt	23,692	-	-	-	-
Total governmental activities	785,551	125,326	493,021	4,474	(23,692)
Business-type activities:					(162,730)
Gas	369,695	371,411	-	18,500	20,216
Water, and sewer	299,132	282,465	-	3,600	(13,067)
Total business-type activities	668,827	653,876	-	22,100	7,149
Total	\$1,454,378	\$ 779,202	\$ 493,021	\$ 26,574	(155,581)

General revenues:

Taxes -

Property taxes, levied for general purposes	49,204	-	49,204
Sales and use taxes, levied for general purposes	162,462	-	162,462
Franchise taxes	53,634	-	53,634

Grants and contributions not restricted to specific programs -

State sources	3,405	-	3,405
Interest and investment earnings	18,161	3,846	22,007
Miscellaneous	10,485	-	10,485
Transfers	(10,347)	10,347	-

Total general revenues and transfers

	287,004	14,193	301,197
Change in net assets	124,274	21,342	145,616
Net assets - July 1, 2001	1,135,488	2,061,606	3,197,094
Net assets - June 30, 2002	\$ 1,259,762	\$2,082,948	\$ 3,342,710

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

MAJOR FUND DESCRIPTIONS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Sales Tax Fund

To account for the receipt and use of proceeds of the Town's 1% sales and use tax approved by the voters on September 16, 1978. These taxes are dedicated and used for the purposes of constructing, acquiring, extending, improving, operating water-works, streets, recreational facilities and fire protection facilities and equipment, and purchasing and acquiring the necessary land, equipment and furnishings for any of the aforesaid public works, improvements and facilities, or for any one or more said purposes; and shall the Town be further authorized to fund the proceeds of the tax into bonds to be issued in series from time to time for improving and/or acquiring any one or more of the aforesaid capital improvements to the extent and in the manner permitted by the laws of Louisiana. To account for the receipt and uses of proceeds of the Town's .3% sales and use tax approved by the voters on October 7, 1989. These taxes are dedicated and used for the purpose of constructing, improving, maintaining, and operating public streets, sidewalks, and alleys, and for acquiring, constructing, improving, maintaining and operating recreational facilities. The Town shall be further authorized to fund the proceeds of the tax into bonds to be issued into series from time to time for any capital purpose described above, to the extent and in the manner provided by Louisiana law.

Section 8 Housing Fund

To account for the administration of grant funds received from the U.S. Department of Housing and Urban Development to provide rental assistance to low income persons.

Enterprise Funds

Gas Utility Fund

To account for the provisions of gas service to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Water and Sewer Utility Fund

To account for the provision of water and sewerage services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

TOWN OF OBERLIN, LOUISIANA
Balance Sheet - Governmental Funds
June 30, 2002

	General	Sales Tax	Section 8	Other Governmental	Total
ASSETS					
Cash	\$148,027	\$ 32,520	\$109,136	\$ 46,920	\$336,603
Interest-bearing deposits, at cost	7,881	115,551	-	178,991	302,423
Receivables:					
Taxes	324	13,455	-	919	14,698
Accrued interest	24	180	-	269	473
Other	1,448	-	-	-	1,448
Due from other funds	10,449	-	-	-	10,449
Due from other governmental units	102,500	-	-	-	102,500
Total assets	<u>\$270,653</u>	<u>\$161,706</u>	<u>\$109,136</u>	<u>\$227,099</u>	<u>\$768,594</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash overdraft	\$ 33,043	\$ -	\$ -	\$ -	\$ 33,043
Accounts payable	13,942	-	-	-	13,942
Accrued liabilities	3,212	-	-	-	3,212
Deferred revenue	-	-	106,106	-	106,106
Total liabilities	<u>50,197</u>	<u>-</u>	<u>106,106</u>	<u>-</u>	<u>156,303</u>
Fund balances -					
Reserved for debt service	-	-	-	218,790	218,790
Unreserved, undesignated	220,456	161,706	3,030	8,309	393,501
Total fund balances	<u>220,456</u>	<u>161,706</u>	<u>3,030</u>	<u>227,099</u>	<u>612,291</u>
Total liabilities and fund balances	<u>\$270,653</u>	<u>\$161,706</u>	<u>\$109,136</u>	<u>\$227,099</u>	<u>\$768,594</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF OBERLIN, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2002

Total fund balances for governmental funds at June 30, 2002		\$ 612,291
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 138,312	
Buildings, net of \$137,493 accumulated depreciation	28,014	
Infrastructure, net of \$159,677 accumulated depreciation	725,735	
Vehicles, net of \$72,593 accumulated depreciation	32,990	
Equipment, furniture, and fixtures net of \$66,109 accumulated depreciation	<u>71,331</u>	996,382
Long-term liabilities at June 20, 2002:		
Bonds payable	(346,000)	
Accrued interest payable	<u>(2,911)</u>	<u>(348,911)</u>
Total net assets of governmental activities at June 30, 2002		<u>\$ 1,259,762</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF OBERLIN, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended June 30, 2002

	General	Sales Tax	Section 8	Other Governmental	Total
Revenues:					
Taxes	\$ 66,460	\$162,462	\$ -	\$ 36,378	\$ 265,300
Licenses and permits	44,396	-	-	-	44,396
Intergovernmental	446,883	-	64,161	-	511,044
Fines and forfeits	69,871	-	-	-	69,871
Charges for services	-	-	-	915	915
Miscellaneous	18,564	3,285	2,119	4,678	28,646
Total revenues	<u>646,174</u>	<u>165,747</u>	<u>66,280</u>	<u>41,971</u>	<u>920,172</u>
Expenditures:					
Current -					
General government	156,563	3,249	10,144	2,824	172,780
Public safety -					
Police and fire	326,071	-	-	-	326,071
Highways and streets	148,502	-	-	-	148,502
Urban redevelopment and housing	-	-	54,017	-	54,017
Debt service -					
Principal retirement	-	-	-	68,000	68,000
Interest and fiscal charges	-	-	-	24,366	24,366
Capital outlay	6,723	-	-	-	6,723
Total expenditures	<u>637,859</u>	<u>3,249</u>	<u>64,161</u>	<u>95,190</u>	<u>800,459</u>
Excess (deficiency) of revenues over expenditures	<u>8,315</u>	<u>162,498</u>	<u>2,119</u>	<u>(53,219)</u>	<u>119,713</u>
Other financing sources (uses):					
Transfers in	116,000	-	-	74,653	190,653
Transfers out	<u>(85,000)</u>	<u>(116,000)</u>	<u>-</u>	<u>-</u>	<u>(201,000)</u>
Total other financing sources (uses)	<u>31,000</u>	<u>(116,000)</u>	<u>-</u>	<u>74,653</u>	<u>(10,347)</u>
Excess of revenues and other sources over expenditures and other uses	39,315	46,498	2,119	21,434	109,366
Fund balances, beginning	<u>181,141</u>	<u>115,208</u>	<u>911</u>	<u>205,665</u>	<u>502,925</u>
Fund balances, ending	<u>\$ 220,456</u>	<u>\$161,706</u>	<u>\$ 3,030</u>	<u>\$227,099</u>	<u>\$ 612,291</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF OBERLIN, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2002

Total net changes in fund balances at June 30, 2002 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 109,366
The change in net assets reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 6,723	
Depreciation expense for the year ended June 30, 2002	<u>(60,489)</u>	(53,766)
Governmental funds report bonded debt repayments as expenditures. However, this expenditure does not appear in the statement of activities since the payment is applied against the bond payable balance on the state- ment of net assets.		
		68,000
Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis		
		<u>674</u>
Total changes in net assets at June 30, 2002 per Statement of Activities		<u>\$ 124,274</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF OBERLIN, LOUISIANA

Statement of Net Assets

Proprietary Funds

June 30, 2002

With Comparative Actual Amounts for June 30, 2001

	Gas Utility Fund	Water and Sewer Utility Fund	Totals 2002	2001
ASSETS				
Current assets:				
Cash	\$ 50,322	\$ 56,008	\$ 106,330	\$ 35,253
Interest-bearing deposits	9,809	30,659	40,468	29,030
Accounts receivable	44,753	36,380	81,133	58,739
Contract receivable	-	133,856	133,856	28,605
Accrued interest receivable	-	8	8	12
Due from other funds	-	15,735	15,735	15,735
Total current assets	<u>104,884</u>	<u>272,646</u>	<u>377,530</u>	<u>167,374</u>
Restricted assets:				
Customers' deposits -				
Cash	2,792	4,549	7,341	5,486
Interest-bearing deposits	23,473	34,486	57,959	57,924
Total restricted assets	<u>26,265</u>	<u>39,035</u>	<u>65,300</u>	<u>63,410</u>
Property, plant and equipment, at cost, net of accumulated depreciation (2002 \$1,291,017; 2001 \$1,232,900)	<u>58,734</u>	<u>2,735,254</u>	<u>2,793,988</u>	<u>1,961,959</u>
Total assets	<u>189,883</u>	<u>3,046,935</u>	<u>3,236,818</u>	<u>2,192,743</u>
LIABILITIES				
Current liabilities (payable from current assets) -				
Accounts payable	3,748	28,415	32,163	7,454
Contract payable	-	111,025	111,025	19,679
Retainage payable	-	25,633	25,633	12,659
Other accrued liabilities	4,223	3,124	7,347	5,786
Bond anticipation notes payable	-	881,573	881,573	-
Accrued interest	-	4,645	4,645	-
Due to other funds	17,120	9,064	26,184	22,149
Total current liabilities (payable from current assets)	<u>25,091</u>	<u>1,063,479</u>	<u>1,088,570</u>	<u>67,727</u>
Noncurrent liabilities (payable from restricted assets) -				
Customers' deposits	<u>26,265</u>	<u>39,035</u>	<u>65,300</u>	<u>63,410</u>
Total liabilities	<u>51,356</u>	<u>1,102,514</u>	<u>1,153,870</u>	<u>131,137</u>
NET ASSETS				
Invested in capital assets, net of related debt	58,734	1,853,681	1,912,415	1,961,959
Unrestricted	<u>79,793</u>	<u>90,740</u>	<u>170,533</u>	<u>99,647</u>
Total net assets	<u>\$ 138,527</u>	<u>\$ 1,944,421</u>	<u>\$ 2,082,948</u>	<u>\$ 2,061,606</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF OBERLIN, LOUISIANA

Statement of Revenues, Expenses, and Changes in Net Assets Proprietary Funds Year Ended June 30, 2002 With Comparative Actual Amounts for Year Ended June 30, 2001

	Gas Utility Fund	Water and Sewer Utility Fund	Totals	
			2002	2001
Operating revenues:				
Charges for services -				
Gas sales	\$362,419	\$ -	\$ 362,419	\$ 414,659
Water sales	-	173,993	173,993	141,668
Sewer sales	-	98,701	98,701	68,668
Delinquent charges	8,582	5,376	13,958	14,488
Miscellaneous	410	4,395	4,805	2,156
Total operating revenues	<u>371,411</u>	<u>282,465</u>	<u>653,876</u>	<u>641,639</u>
Operating expenses:				
Gas department expenses	369,695	-	369,695	442,831
Water and sewer department expenses	-	294,487	294,487	278,553
Total operating expenses	<u>369,695</u>	<u>294,487</u>	<u>664,182</u>	<u>721,384</u>
Operating income (loss)	<u>1,716</u>	<u>(12,022)</u>	<u>(10,306)</u>	<u>(79,745)</u>
Nonoperating revenues (expenses):				
Interest income	1,356	2,490	3,846	5,327
Interest expense	-	(4,645)	(4,645)	-
Total nonoperating revenues (expenses)	<u>1,356</u>	<u>(2,155)</u>	<u>(799)</u>	<u>5,327</u>
Income (loss) before transfers	<u>3,072</u>	<u>(9,532)</u>	<u>(6,460)</u>	<u>(74,418)</u>
Transfers in (out):				
Water and Sewer Utility Fund	5,122	-	5,122	4,394
Sales Tax Fund	-	-	-	10,000
General Fund	6,804	3,543	10,347	5,729
Gas Utility Fund	-	(5,122)	(5,122)	(4,394)
Total transfers in (out)	<u>11,926</u>	<u>(1,579)</u>	<u>10,347</u>	<u>15,729</u>
Net income (loss)	14,998	(15,756)	(758)	(58,689)
Capital contributions	<u>18,500</u>	<u>3,600</u>	<u>22,100</u>	<u>228,381</u>
Change in net assets	33,498	(12,156)	21,342	169,692
Net assets, beginning	<u>105,029</u>	<u>1,956,577</u>	<u>2,061,606</u>	<u>1,891,914</u>
Net assets, ending	<u>\$138,527</u>	<u>\$ 1,944,421</u>	<u>\$ 2,082,948</u>	<u>\$ 2,061,606</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF OBERLIN, LOUISIANA

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2002
With Comparative Actual Amounts for Year Ended June 30, 2001

	Gas Utility Fund	Water and Sewer Utility Fund	Totals	
			2002	2001
Cash flows from operating activities:				
Receipts from customers	\$382,082	\$ 263,605	\$ 645,687	\$634,719
Payments to suppliers	(311,401)	(144,078)	(455,479)	(546,298)
Payments to employees	(72,098)	(72,158)	(144,256)	(127,506)
Other receipts	410	4,395	4,805	2,156
Net cash provided (used) by operating activities	<u>(1,007)</u>	<u>51,764</u>	<u>50,757</u>	<u>(36,929)</u>
Cash flows from noncapital financing activities:				
Cash received from other funds	-	4,034	4,034	-
Transfers from other funds	11,926	3,543	15,469	20,123
Transfers to other funds	<u>-</u>	<u>(5,122)</u>	<u>(5,122)</u>	<u>(4,394)</u>
Net cash provided by noncapital financing activities	<u>11,926</u>	<u>2,455</u>	<u>14,381</u>	<u>15,729</u>
Cash flows from capital and related financing activities:				
Proceeds from bond anticipation notes	-	881,573	881,573	-
Increase in customers' meter deposits	820	1,070	1,890	597
Acquisition of property, plant and equipment	-	(890,146)	(890,146)	(231,982)
Contribution from state grant	<u>18,500</u>	<u>3,600</u>	<u>22,100</u>	<u>228,381</u>
Net cash provided (used) by capital and related financing activities	<u>19,320</u>	<u>(3,903)</u>	<u>15,417</u>	<u>(3,004)</u>
Cash flows from investing activities:				
Purchase of interest-bearing deposits	(33,282)	(65,145)	(98,427)	(86,954)
Proceeds from maturities of interest-bearing deposits	31,926	55,028	86,954	101,627
Interest received on interest-bearing deposits	<u>1,356</u>	<u>2,494</u>	<u>3,850</u>	<u>5,327</u>
Net cash provided (used) by investing activities	<u>-</u>	<u>(7,623)</u>	<u>(7,623)</u>	<u>20,000</u>
Net increase (decrease) in cash and cash equivalents	30,239	42,693	72,932	(4,204)
Cash and cash equivalents, beginning of period	<u>22,875</u>	<u>17,864</u>	<u>40,739</u>	<u>44,943</u>
Cash and cash equivalents, end of period	<u>\$ 53,114</u>	<u>\$ 60,557</u>	<u>\$ 113,671</u>	<u>\$ 40,739</u>

(continued)

TOWN OF OBERLIN, LOUISIANA

Statement of Cash Flows (continued)

Proprietary Funds

Year Ended June 30, 2002

With Comparative Actual Amounts for Year Ended June 30, 2001

	Gas Utility Fund	Water and Sewer Utility Fund	Totals 2002	2001
Reconciliation of operating income (loss) to net cash used by operating activities				
Operating income (loss)	\$ 1,716	\$ (12,022)	\$ (10,306)	\$ (79,745)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities -				
Depreciation	6,610	51,507	58,117	58,103
Changes in current assets and liabilities:			-	
Increase in accounts receivable	(11,603)	(10,791)	(22,394)	(19,414)
Increase in contracts receivable	-	(105,251)	(105,251)	(28,605)
Increase (decrease) in accounts payable	1,503	23,207	24,710	(4,425)
Increase in contracts payable	-	91,346	91,346	19,679
Increase in retainage payable	-	12,974	12,974	12,659
Increase in other accrued liabilities	767	794	1,561	4,819
Net cash provided (used) by operating activities	<u>\$ (1,007)</u>	<u>\$ 51,764</u>	<u>\$ 50,757</u>	<u>\$ (36,929)</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:				
Cash and cash equivalents, beginning of period -				
Cash - unrestricted	\$ 20,868	\$ 14,385	\$ 35,253	\$ 40,075
Cash - restricted	2,007	3,479	5,486	4,868
Interest-bearing deposits - unrestricted	8,488	20,542	29,030	43,682
Interest-bearing deposits - restricted	23,438	34,486	57,924	57,945
Less: Interest-bearing deposits with a maturity over three months when purchased	<u>(31,926)</u>	<u>(55,028)</u>	<u>(86,954)</u>	<u>(101,627)</u>
Total cash and cash equivalents	<u>22,875</u>	<u>17,864</u>	<u>40,739</u>	<u>44,943</u>
Cash and cash equivalents, end of period -				
Cash - unrestricted	50,322	56,008	106,330	35,253
Cash - restricted	2,792	4,549	7,341	5,486
Interest-bearing deposits - unrestricted	9,809	30,659	40,468	29,030
Interest-bearing deposits - restricted	23,473	34,486	57,959	57,924
Less: Interest-bearing deposits with a maturity over three months when purchased	<u>(33,282)</u>	<u>(65,145)</u>	<u>(98,427)</u>	<u>(86,954)</u>
Total cash and cash equivalents	<u>53,114</u>	<u>60,557</u>	<u>113,671</u>	<u>40,739</u>
Net increase (decrease)	<u>\$ 30,239</u>	<u>\$ 42,693</u>	<u>\$ 72,932</u>	<u>\$ (4,204)</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF OBERLIN, LOUISIANA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Oberlin (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The Town of Oberlin was incorporated under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government.

This report includes all funds that are controlled by or dependent on the Town's executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Based on the foregoing criteria, a certain governmental body is a related organization but is not a part of the Town and is thus excluded from the accompanying financial statements. This organization is the Oberlin Housing Authority. Although the Town does appoint its board, no control is exercised over its operations.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

TOWN OF OBERLIN, LOUISIANA

Notes to Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the Town are described below:

Governmental Funds -

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF OBERLIN, LOUISIANA

Notes to Financial Statements (Continued)

Special Revenue Funds

Sales Tax Fund -

The Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax and a .3% sales and use tax that are legally restricted to expenditures for specific purposes.

Section 8 Housing Fund -

The Section 8 Housing Fund is used to account for the administration of grant funds received from the U.S. Department of Housing and Urban Development to provide rental assistance to low-income persons.

Proprietary Funds -

Enterprise Funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town's enterprise funds are the Gas Utility Fund and the Water and Sewer Utility Fund.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net assets and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

TOWN OF OBERLIN, LOUISIANA

Notes to Financial Statements (Continued)

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

In the government-wide statement of net assets and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

D. Assets, Liabilities and Equity

Cash and interest-bearing deposits

For purposes of the statement of net assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Town.

TOWN OF OBERLIN, LOUISIANA

Notes to Financial Statements (Continued)

For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit with an original maturity of three months or less.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables."

Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible amounts due for sales and use taxes and customer's utility service receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible receivables is recorded due to immateriality at June 30, 2002. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are not recorded due to immateriality at June 30, 2002.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or fund financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$500 or more for capitalizing capital assets.

TOWN OF OBERLIN, LOUISIANA

Notes to Financial Statements (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Vehicles and equipment	5 years
Utility system and improvements	20-40 years
Infrastructure	20 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary funds that are legally restricted as to their use. The restricted assets are related to the utility meter deposits.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of the revenue bonds payable and utility meter deposits payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

TOWN OF OBERLIN, LOUISIANA

Notes to Financial Statements (Continued)

Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid. Each full-time, permanent employee earns five days of sick leave per year up to a maximum of thirty days for major illness. Employees who resign or retire or who are dismissed from employment shall not be paid for any accrued sick leave. Five days of annual leave are earned on the anniversary date of employment of each full-time, permanent employee with less than two full years of service with the municipality as a full-time, permanent employee. Ten days of annual leave are earned by such employees after two full years as a full-time, permanent employee. Fifteen days of annual leave are earned after ten full years and twenty days of annual leave are earned after twenty full years of employment as full-time, permanent employees. Employees may not carry over or accumulate annual leave or sick leave from one anniversary date to another. Any liability the town might have in this regard at June 30, 2002 is considered immaterial; therefore, no liability has been recorded in the accounts.

Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

TOWN OF OBERLIN, LOUISIANA

Notes to Financial Statements (Continued)

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - by character
Proprietary Fund - by operating and nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Ad valorem tax	Debt service (see note 3)
Sales tax	See Note 4
Gas, water and sewer revenue	Debt service and utility operations

The Town uses unrestricted resources only when restricted resources are fully depleted.

TOWN OF OBERLIN, LOUISIANA

Notes to Financial Statements (Continued)

G. Budget and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 15, the Town Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

H. Capitalization of Interest Expense

It is the policy of the Town of Oberlin to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets in the Proprietary Funds. At June 30, 2002 there was no capitalized interest expense recorded on the books due to immateriality.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

TOWN OF OBERLIN, LOUISIANA

Notes to Financial Statements (Continued)

(2) Changes in Accounting Principles

For the year ended June 30, 2002, the Town has implemented GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. GASB Statement No. 34 creates new basic financial statements for reporting on the Town’s financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements. The Town also implemented GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, No. 37, Basic Financial Statements – And Management’s Discussion and Analysis – For State and Local Governments: Omnibus, No. 38, Certain Financial Statement Note Disclosures, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements. At June 30, 2001, there was no effect on fund balance as a result of implementation of GASB Statement No. 33.

The implementation of GASB Statement No. 34 caused the opening fund balance at June 30, 2001 to be restated in terms of “net assets” as follows:

Total fund balances - Governmental Funds - at June 30, 2001		\$ 502,925
Add: Cost of capital assets at June 30, 2001	\$ 1,425,531	
Less: Accumulated depreciation at June 30, 2001	<u>(375,383)</u>	1,050,148
Less: Bond principal at June 30, 2001	(414,000)	
Accrued interest payable at June 30, 2001	<u>(3,585)</u>	<u>(417,585)</u>
Net assets at June 30, 2001		<u>\$ 1,135,488</u>

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Allen Parish. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year ended June 30, 2002, taxes of 11.70 mills were levied on property with assessed valuations totaling \$4,201,565 and were dedicated as follows:

General corporate purposes	3.05 mills
Debt service	<u>8.65 mills</u>
Total	<u>11.70 mills</u>

Total taxes levied were \$49,158. Ad valorem tax receivable at June 30, 2002 amounted to \$1,243.

TOWN OF OBERLIN, LOUISIANA

Notes to Financial Statements (Continued)

(4) Dedication of Proceeds and Flow of Funds - 1978 and 1989 Sales and Use Tax

Proceeds of a 1% sales and use tax levied by the Town of Oberlin (2002 collections \$124,971; 2001 collections \$105,274) are dedicated to the following purposes:

To be used for the purposes of constructing, acquiring, extending, improving, operating and/or maintaining sewers and sewerage disposal works, waterworks, streets, recreational facilities and fire protection facilities and equipment, and purchasing and acquiring the necessary land, equipment and furnishings for any of the aforesaid public works, improvements and facilities, or for any one or more said purposes; and shall the Town be further authorized to fund the proceeds of the tax into bonds to be issued in series from time to time for the purpose of defraying the costs of constructing, improving, and/or acquiring any one or more of the aforesaid capital improvements to the extent and in the manner permitted by the laws of Louisiana.

Proceeds of a .3% sales and use tax originally approved by the voters of the Town on October 7, 1989 and levied by the Town of Oberlin for fifteen years from the date of the first levy (2002 collections \$37,491; 2001 collections \$31,582) are dedicated to the following purposes:

Seventy percent to be used for constructing, improving, maintaining and operating public streets, sidewalks, and alleys. Thirty percent to be used for acquiring, constructing, improving, maintaining and operating recreational facilities. The Town of Oberlin shall be further authorized to fund the proceeds of the tax into bonds to be issued in series from time to time for any capital purpose described above, to the extent and in the manner provided by Louisiana Law.

(5) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2002, the Town had cash and interest-bearing deposits (book balances) totaling \$851,124 as follows:

Demand deposits	\$450,274
Time and money market accounts	<u>400,850</u>
Total	<u>\$851,124</u>

TOWN OF OBERLIN, LOUISIANA

Notes to Financial Statements (Continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2002 were secured as follows:

Bank balances	<u>\$ 1,004,056</u>
Federal deposit insurance	400,188
Pledged securities (Category 3)	<u>603,868</u>
Total FDIC insurance and pledged securities	<u>\$ 1,004,056</u>

Pledged securities in Category 3 include uninsured or unregistered investments, for which securities are held by the broker or dealer, or by its trust department or agent, but not in the Town's name. Even though the pledged securities are considered uncollateralized (Category 3), Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

TOWN OF OBERLIN, LOUISIANA

Notes to Financial Statements (Continued)

(6) Receivables

Receivables at June 30, 2002 of \$231,616 consist of the following:

	<u>General</u>	<u>Sales Tax</u>	<u>Other Governmental</u>	<u>Utility</u>	<u>Total</u>
Accounts	\$ 1,448	\$ -	\$ -	\$ 81,133	\$ 82,581
Taxes:					
Ad valorem	324	-	919	-	1,243
Sales tax	-	13,455	-	-	13,455
Contracts	-	-	-	133,856	133,856
Interest	<u>24</u>	<u>180</u>	<u>269</u>	<u>8</u>	<u>481</u>
Totals	<u>\$ 1,796</u>	<u>\$ 13,635</u>	<u>\$ 1,188</u>	<u>\$ 214,997</u>	<u>\$ 231,616</u>

(7) Due from Other Governmental Units

The amount due from other governmental units in the amount of \$102,500 at June 30, 2002 is from the Coushatta Tribe of Louisiana for the Town's share of grant revenue earned through June 30, 2002. The grant revenue is received from a compact agreed upon by the Coushatta Tribe and the State of Louisiana. The revenues are received by the Town of Oberlin directly from the Coushatta Tribe. The compact states that the Town of Oberlin is to use the funds to assist in the furnishing of fire protection to the tribal-owned casino resort in Kinder, Louisiana; to assist in the development, construction, maintenance and repair of apartment housing; to assist in furnishing municipal police services; and to assist in the construction, maintenance and repair of municipal infrastructure and housing.

Grant revenue for fiscal year ended June 30, 2002 was \$410,000. The amount receivable at June 30, 2002 of \$102,500 was dedicated for police protection and maintenance of municipal infrastructure.

(8) Restricted Assets - Proprietary Fund Types

Restricted assets consisted of the following at June 30, 2002:

Customer deposits - gas	\$ 26,265
Customer deposits - water and sewer	<u>39,035</u>
Total restricted assets	<u>\$ 65,300</u>

TOWN OF OBERLIN, LOUISIANA

Notes to Financial Statements (Continued)

(9) Capital Assets

Capital asset activity for the year ended June 30, 2002 was as follows:

	Balance 07/01/01	Additions	Deletions	Balance 06/30/02
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 138,312	\$ -	\$ -	\$ 138,312
Other capital assets:				
Buildings	165,507	-	-	165,507
Infrastructure	885,412	-	-	885,412
Vehicles	105,583	-	-	105,583
Equipment, furniture and fixtures	130,717	6,723	-	137,440
Totals	<u>1,425,531</u>	<u>6,723</u>	<u>-</u>	<u>1,432,254</u>
Less accumulated depreciation				
Buildings	133,547	3,946	-	137,493
Infrastructure	135,925	23,752	-	159,677
Vehicles	53,996	18,597	-	72,593
Equipment, furniture and fixtures	51,915	14,194	-	66,109
Total accumulated depreciation	<u>375,383</u>	<u>60,489</u>	<u>-</u>	<u>435,872</u>
Governmental activities, capital assets, net	<u>\$ 1,050,148</u>	<u>\$ (53,766)</u>	<u>\$ -</u>	<u>\$ 996,382</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 7,224	\$ -	\$ -	\$ 7,224
Other capital assets:				
Gas system	308,495	-	-	308,495
Water and sewer system	2,560,866	261,751	-	2,822,617
Equipment	65,096	-	-	65,096
Construction in progress	253,178	886,041	257,646	881,573
Totals	<u>3,194,859</u>	<u>1,147,792</u>	<u>257,646</u>	<u>4,085,005</u>
Less accumulated depreciation				
Gas system	247,052	5,684	-	252,736
Water and sewer system	961,174	51,028	-	1,012,202
Equipment	24,674	1,405	-	26,079
Total accumulated depreciation	<u>1,232,900</u>	<u>58,117</u>	<u>-</u>	<u>1,291,017</u>
Business-type activities, capital assets, net	<u>\$ 1,961,959</u>	<u>\$ 1,089,675</u>	<u>\$ 257,646</u>	<u>\$ 2,793,988</u>

TOWN OF OBERLIN, LOUISIANA

Notes to Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 11,098
Police	19,951
Highways and streets	<u>29,440</u>
Total depreciation expense	<u>\$ 60,489</u>

Depreciation expense was charged to business-type activities as follows:

Gas	\$ 6,610
Water and sewer	<u>51,507</u>
Total depreciation expense	<u>\$ 58,117</u>

(10) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at June 30, 2002:

	Governmental Activities	Business-type Activities	Total
Cash overdraft	\$ 33,043	\$ -	\$ 33,043
Accounts	13,942	32,163	46,105
Contracts and retainage	-	136,658	136,658
Other liabilities	<u>3,212</u>	<u>7,347</u>	<u>10,559</u>
Totals	<u>\$ 50,197</u>	<u>\$176,168</u>	<u>\$226,365</u>

(11) Short-term Loan Payable

On February 4, 2002, the Town authorized the issuance of \$1,687,000 of bond anticipation notes. The purpose of this short-term debt is to provide interim financing for the construction of a sewer system construction improvements project. The debt will bear interest at 2.61% per annum on the outstanding principal balance. The debt will be repaid from the proceeds of a loan from the United States Department of Agriculture Rural Utilities Service when the project is completed. At June 30, 2002, the balance of the bond anticipation notes was \$881,573.

TOWN OF OBERLIN, LOUISIANA

Notes to Financial Statements (Continued)

(12) Changes in Long-term Debt

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2002:

	<u>Governmental Activities</u>
Long-term bonds and certificates payable, July 1, 2001	\$ 414,000
Long-term bonds and certificates issued	-
Long-term bonds and certificates retired	<u>(68,000)</u>
Long-term bonds and certificates payable, June 30, 2002	<u>\$ 346,000</u>

Long-term debt payable at June 30, 2002 is comprised of the following individual issues:

General obligation bonds -

\$275,000 General Obligation Bonds Series 1990 dated March 1, 1990; due in annual installments of \$20,000 to \$24,000 through March 1, 2005; interest at 7.4 percent, secured by levy and collection of ad valorem taxes	\$ 66,000
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Certificates of indebtedness -

Certificates of Indebtedness Series 1997 dated June 1, 1997; due in annual installments of \$50,000 to \$60,000 through June 1, 2007; interest at 5.5 percent, secured by General Fund revenues	<u>280,000</u>
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Total long-term debt payable	<u>\$ 346,000</u>
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The bonds and certificates are due as follows:

<u>Year ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal payments</u>	<u>Interest payments</u>
2003	\$ 70,000	\$ 20,284
2004	77,000	16,054
2005	79,000	11,401
2006	60,000	6,600
2007	<u>60,000</u>	<u>3,300</u>
Total	<u>\$ 346,000</u>	<u>\$ 57,639</u>

TOWN OF OBERLIN, LOUISIANA

Notes to Financial Statements (Continued)

(13) Employee Retirement

All employees of the Town of Oberlin participate in the Social Security System. The Town and its employees contribute a percentage of each employee's salary to the System (7.65% contributed by the Town, 7.65% by the employees). The Town's contributions during the years ended June 30, 2002, 2001 and 2000 amounted to \$29,714, \$28,357 and \$26,896, respectively.

The Town of Oberlin employees also contribute to tax-deferred individual retirement accounts or Internal Revenue Code Section 403b retirement accounts. The Town matches a portion of each of these plans for employees. Retirement contributions for the Town amounted to \$3,774 and \$4,720 for the years ended June 30, 2002 and 2001, respectively. Neither the Town nor its employees are obligated to make contributions and the Town has no further liability to these retirement plans. Data concerning the actuarial status of the plans are not available.

The Chief-of-Police and one police officer belong to the Municipal and State Police Retirement System. This System is a cost-sharing, multiple-employer defined benefit pension plan, controlled and administered by a separate board of trustees. Pertinent information relative to the plan follows.

Municipal Police Employees' Retirement System of Louisiana

Plan members are required to contribute 7.5 percent of their annual covered salary to the system while the Town is required to contribute the statutory rate of 9.0 percent of the total annual covered salary. The Town's contributions to the system for the years ended June 30, 2002, 2001, and 2000 were \$3,735, \$3,942, and \$3,900 respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Municipal Police Employee's Retirement System, P.O. Box 94095 - Capital Station, Baton Rouge, Louisiana 70804-9095.

(14) Segment Information - Enterprise Fund

The Town of Oberlin maintains two utility departments within its two enterprise funds which provide gas, water, and sewer services. Segment information for the year ended June 30, 2002 is as follows:

	Gas Department	Water and Sewer Department	Total Enterprise Fund
Operating revenues	\$371,411	\$282,465	\$653,876
Operating expenses	<u>369,695</u>	<u>294,487</u>	<u>664,182</u>
Operating income (loss)	<u>\$ 1,716</u>	<u>\$ (12,022)</u>	<u>\$ (10,306)</u>

TOWN OF OBERLIN, LOUISIANA

Notes to Financial Statements (Continued)

(15) Litigation and Claims

At June 30, 2002, the Town is involved in one lawsuit claiming damages. In the opinion of the Town's legal counsel, the only exposure to the Town would be any costs in defense of the lawsuits with no liability to the Town in excess of insurance coverage.

(16) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2002 follows:

Mayor:	
Phillip Beard	\$ 9,600
Aldermen:	
Dorothy J. Akins	1,800
Dewith Carrier	1,800
James Ryder	1,800
Sally Pitre	1,800
Wilbert Berry	1,800
Total	<u>\$18,600</u>

(17) Risk Management

The Town is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

(18) Prior Year Debt Defeasance

In prior years, the Town defeased \$67,000 of outstanding Public Improvement Bonds, Series ST-1990 by creating a separate irrevocable trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore, has been removed as a liability from the Town's financial statements. As of June 30, 2002, the amount of defeased general obligation debt outstanding but removed from the financial statements amounted to \$30,000.

(19) Subsequent Event

During the fiscal year ended June 30, 2002, the Town began construction of Phase I (collection system improvements) of a sewer construction project, estimated to cost \$2,420,000. Financing for the project will be obtained from a loan of \$1,687,000 and a grant in the amount of \$733,000 from the United States Department of Agriculture, Rural Utilities Service (RUS). The loan will bear interest at the rate of 4.5%. Phase II of the project (treatment system improvements), estimated to cost \$1,482,800 will be financed from an RUS grant.

TOWN OF OBERLIN, LOUISIANA

Notes to Financial Statements (Continued)

(20) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2002:

Due to the General Fund from the Utility Funds representing short-term loans	\$ 10,449
Due to the Water and Sewer Utility Fund from the Gas Utility Fund for reimbursement for expenditures paid	<u>15,735</u>
Total	<u>\$ 26,184</u>

Summary of balances due from other funds reported in fund financial statements:

Due from other funds, Balance Sheet - Governmental Funds	\$ 10,449
Due from other funds, Statement of Net Assets - Proprietary Funds	<u>15,735</u>
Total	<u>\$ 26,184</u>

B. Transfers

Transfers consisted of the following at June 30, 2002:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 116,000	\$ 85,000
Sales Tax Special Revenue Fund	-	116,000
Other non-major governmental funds	74,653	-
Proprietary Fund:		
Gas Utility Fund	11,926	-
Water and Sewer Utility Fund	<u>3,543</u>	<u>5,122</u>
Total	<u>\$ 206,122</u>	<u>\$ 206,122</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**REQUIRED SUPPLEMENTARY
INFORMATION**

TOWN OF OBERLIN, LOUISIANA
General Fund

Budgetary Comparison Schedule
Year Ended June 30, 2002
With Comparative Actual Amounts for Year Ended June 30, 2001

	2002			Variance with	
	Budget			Final Budget	2001
	Original	Final	Actual	Positive (Negative)	Actual
Revenues:					
Taxes	\$ 67,500	\$ 66,600	\$ 66,460	\$ (140)	\$ 68,376
Licenses and permits	37,000	42,000	44,396	2,396	45,423
Intergovernmental	537,800	427,100	446,883	19,783	507,176
Fines and forfeits	30,000	65,000	69,871	4,871	23,989
Miscellaneous	16,500	16,300	18,564	2,264	21,592
Total revenues	<u>688,800</u>	<u>617,000</u>	<u>646,174</u>	<u>29,174</u>	<u>666,556</u>
Expenditures:					
Current -					
General government	153,300	165,566	156,563	9,003	160,951
Public safety - police	303,500	319,830	326,071	(6,241)	296,860
Highways and streets	164,150	143,205	148,502	(5,297)	143,138
Capital outlay	-	3,000	6,723	(3,723)	56,440
Total expenditures	<u>620,950</u>	<u>631,601</u>	<u>637,859</u>	<u>(6,258)</u>	<u>657,389</u>
Excess (deficiency) of revenues over expenditures	<u>67,850</u>	<u>(14,601)</u>	<u>8,315</u>	<u>22,916</u>	<u>9,167</u>
Other financing sources (uses):					
Transfer from (to) Utility Funds	-	10,000	(10,347)	(20,347)	(5,729)
Transfer from Sales Tax Fund	85,000	115,000	116,000	1,000	110,000
Transfer from (to) LHFA Fund	-	1,500	-	(1,500)	3,175
Transfer to Cemetery Fund	(1,500)	(2,700)	(1,528)	1,172	(1,619)
Transfer to Debt Service Fund	<u>(97,500)</u>	<u>(97,500)</u>	<u>(73,125)</u>	<u>24,375</u>	<u>(48,750)</u>
Total other financing sources (uses)	<u>(14,000)</u>	<u>26,300</u>	<u>31,000</u>	<u>4,700</u>	<u>57,077</u>
Excess of revenues and other sources over expenditures and other uses	<u>53,850</u>	<u>11,699</u>	<u>39,315</u>	<u>27,616</u>	<u>66,244</u>
Fund balances, beginning	<u>181,141</u>	<u>181,141</u>	<u>181,141</u>	<u>-</u>	<u>114,897</u>
Fund balances, ending	<u>\$ 234,991</u>	<u>\$ 192,840</u>	<u>\$ 220,456</u>	<u>\$ 27,616</u>	<u>\$ 181,141</u>

TOWN OF OBERLIN, LOUISIANA
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
Year Ended June 30, 2002
With Comparative Actual Amounts for Year Ended June 30, 2001

	2002			Variance with Final Budget Positive (Negative)	2001 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Taxes	\$ 140,000	\$ 151,000	\$ 162,462	\$ 11,462	\$ 136,856
Miscellaneous - interest	<u>2,500</u>	<u>3,000</u>	<u>3,285</u>	<u>285</u>	<u>2,724</u>
Total revenues	142,500	154,000	165,747	11,747	139,580
Expenditures:					
Current -					
General government:					
Collection fees	<u>3,200</u>	<u>3,000</u>	<u>3,249</u>	<u>(249)</u>	<u>2,754</u>
Excess of revenues over expenditures	<u>139,300</u>	<u>151,000</u>	<u>162,498</u>	<u>11,498</u>	<u>136,826</u>
Other financing uses:					
Transfer to General Fund	(85,000)	(115,000)	(116,000)	(1,000)	(110,000)
Transfer to Utility Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>
Total other financing uses	<u>(85,000)</u>	<u>(115,000)</u>	<u>(116,000)</u>	<u>(1,000)</u>	<u>(120,000)</u>
Excess of revenues over expenditures and other uses	54,300	36,000	46,498	10,498	16,826
Fund balances, beginning	<u>115,208</u>	<u>115,208</u>	<u>115,208</u>	<u>-</u>	<u>98,382</u>
Fund balances, ending	<u>\$ 169,508</u>	<u>\$ 151,208</u>	<u>\$ 161,706</u>	<u>\$ 10,498</u>	<u>\$ 115,208</u>

TOWN OF OBERLIN, LOUISIANA
Section 8 Housing Special Revenue Fund

Budgetary Comparison Schedule
Year Ended June 30, 2002
With Comparative Actual Amounts for Year Ended June 30, 2001

	2002			
	Budget		Variance with Final Budget	2001
	Original	Final	Positive (Negative)	Actual
Revenues:				
Intergovernmental -federal grant	\$60,000	\$70,000	\$ (5,839)	\$53,597
Miscellaneous - interest	700	1,800	319	838
Total revenues	<u>60,700</u>	<u>71,800</u>	<u>(5,520)</u>	<u>54,435</u>
Expenditures:				
Current -				
General government:				
Administration	10,000	8,500	(1,644)	9,822
Urban redevelopment and housing:				
Housing assistance payments	<u>50,000</u>	<u>59,000</u>	<u>4,983</u>	<u>43,774</u>
Total expenditures	<u>60,000</u>	<u>67,500</u>	<u>3,339</u>	<u>53,596</u>
Excess of revenues over expenditures	700	4,300	(2,181)	839
Other financing uses:				
Transfer to General Fund	<u>-</u>	<u>(1,500)</u>	<u>1,500</u>	<u>-</u>
Excess of revenues over expenditures and other uses	700	2,800	(681)	839
Fund balances, beginning	<u>911</u>	<u>911</u>	<u>-</u>	<u>72</u>
Fund balances, ending	<u>\$ 1,611</u>	<u>\$ 3,711</u>	<u>\$ (681)</u>	<u>\$ 911</u>

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

TOWN OF OBERLIN, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
Year Ended June 30, 2002
With Comparative Actual Amounts for Year Ended June 30, 2001

	2002				
	Budget			Variance with Final Budget Positive (Negative)	2001 Actual
	Original	Final	Actual		
Taxes:					
Ad valorem	\$ 13,500	\$ 13,500	\$ 12,826	\$ (674)	\$ 13,517
Franchise -					
Electric	37,000	37,000	36,164	(836)	38,796
Telephone	9,500	9,200	10,227	1,027	9,239
Cable	7,500	6,900	7,243	343	6,824
Total taxes	<u>67,500</u>	<u>66,600</u>	<u>66,460</u>	<u>(140)</u>	<u>68,376</u>
Licenses and permits	<u>37,000</u>	<u>42,000</u>	<u>44,396</u>	<u>2,396</u>	<u>45,423</u>
Intergovernmental:					
Federal-					
Cops Fast Award Grant	8,100	12,500	9,470	(3,030)	19,674
State of Louisiana -					
Grants	25,000	-	24,008	24,008	57,181
Tobacco taxes	-	-	-	-	2,350
Beer taxes	4,700	4,600	3,405	(1,195)	4,630
Casino revenue	<u>500,000</u>	<u>410,000</u>	<u>410,000</u>	<u>-</u>	<u>423,341</u>
Total intergovernmental	<u>537,800</u>	<u>427,100</u>	<u>446,883</u>	<u>19,783</u>	<u>507,176</u>
Fines and forfeits	<u>30,000</u>	<u>65,000</u>	<u>69,871</u>	<u>4,871</u>	<u>23,989</u>
Miscellaneous:					
Interest on interest-bearing accounts	1,500	1,300	403	(897)	1,297
Section 8 housing administration fees	-	-	1,172	1,172	1,327
Other sources	<u>15,000</u>	<u>15,000</u>	<u>16,989</u>	<u>1,989</u>	<u>18,968</u>
Total miscellaneous	<u>16,500</u>	<u>16,300</u>	<u>18,564</u>	<u>2,264</u>	<u>21,592</u>
Total revenues	<u>\$ 688,800</u>	<u>\$ 617,000</u>	<u>\$ 646,174</u>	<u>\$29,174</u>	<u>\$ 666,556</u>

TOWN OF OBERLIN, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
Year Ended June 30, 2002
With Comparative Actual Amounts for Year Ended June 30, 2001

	2002			Variance with	
	Budget			Final Budget	2001
	Original	Final	Actual	Positive (Negative)	Actual
Current:					
General government -					
Salaries - Mayor and council	\$ 16,200	\$ 19,800	\$ 18,600	\$ 1,200	\$ 16,200
Other salaries	50,000	48,500	35,012	13,488	47,434
Payroll taxes	5,050	4,850	5,275	(425)	5,075
Retirement	-	4,000	3,774	226	4,720
Utilities and telephone	4,500	4,000	3,989	11	4,447
Travel	1,000	1,500	1,313	187	60
Advertising	1,500	1,500	1,402	98	1,854
Repairs and maintenance	-	500	3,307	(2,807)	830
Professional fees	20,000	20,000	18,125	1,875	23,595
Insurance	4,000	4,500	6,204	(1,704)	3,928
Health insurance	35,000	39,360	41,799	(2,439)	34,797
Office supplies	7,500	8,500	9,227	(727)	10,299
Uniforms	1,050	1,056	1,188	(132)	1,056
Miscellaneous	7,500	7,500	7,348	152	6,656
Total general government	153,300	165,566	156,563	9,003	160,951
Public safety:					
Police and fire -					
Salaries	152,500	153,500	146,676	6,824	150,373
Payroll taxes	15,250	12,280	12,428	(148)	11,955
Health insurance	95,000	104,400	110,870	(6,470)	92,296
Retirement	4,000	4,500	3,735	765	3,942
Repairs and maintenance	4,500	6,500	6,385	115	4,876
Utilities and telephone	2,600	2,500	2,336	164	2,559
Insurance	4,200	5,000	6,894	(1,894)	4,364
Professional fees	1,000	3,000	3,536	(536)	1,387
Auto expenditures	8,500	9,500	10,040	(540)	10,126
Uniforms and supplies	8,000	10,400	10,634	(234)	7,602
Dog pound expenditures	1,200	950	906	44	1,183
Boarding prisoners	750	1,200	937	263	788
Training	500	-	1,600	(1,600)	-
Miscellaneous	5,500	6,100	9,094	(2,994)	5,409
Total public safety	\$303,500	\$319,830	\$326,071	\$ (6,241)	\$296,860

(continued)

TOWN OF OBERLIN, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended June 30, 2002
With Comparative Actual Amounts for Year Ended June 30, 2001

	2002			
	Budget		Variance with Final Budget Positive (Negative)	2001 Actual
	Original	Final	Actual	
Highways and streets -				
Salaries	\$ 42,500	\$ 27,750	\$ 27,297	\$ 27,204
Payroll taxes	4,250	2,755	2,235	2,150
Supplies, materials and repairs	35,200	32,500	37,462	30,892
Utilities and telephone	6,500	5,500	4,973	6,782
Insurance	4,200	5,000	6,894	4,364
Street lighting	23,000	19,900	19,853	21,712
Health insurance	25,000	28,800	30,585	25,461
Tractor lease	20,000	17,500	16,067	19,191
Miscellaneous	3,500	3,500	3,136	5,382
Total highways and streets	<u>164,150</u>	<u>143,205</u>	<u>148,502</u>	<u>143,138</u>
Capital outlay:				
General government -				
Equipment	-	500	380	5,031
Public safety -				
Police vehicle	-	-	-	5,200
Police equipment	-	2,500	3,804	12,423
Fire equipment	-	-	-	407
Streets -				
Park paving and lighting project	-	-	-	31,384
Vehicles and equipment	-	-	2,539	1,995
Total capital outlay	<u>-</u>	<u>3,000</u>	<u>6,723</u>	<u>56,440</u>
Total expenditures	<u>\$620,950</u>	<u>\$631,601</u>	<u>\$637,859</u>	<u>\$657,389</u>

NONMAJOR FUNDS

Special Revenue Fund

Cemetery Fund

Monies in this fund are received from sales of burial spaces. The cost of improvements to the cemetery grounds are accounted for in this fund.

Debt Service Funds

Certificates of Indebtedness, Series 1997

To accumulate monies for payment of the \$500,000 Certificates of Indebtedness. Debt service is financed from General Fund and sales tax revenue.

General Obligation Bonds, Series 1990

To accumulate monies for payment of the \$175,000 General Obligation Street Improvement Bonds. Debt service is financed by the levy of ad valorem taxes assessed on all properties and improvements in the Town of Oberlin.

TOWN OF OBERLIN, LOUISIANA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2002

	Special Revenue	Debt Service		Total
		Certificates of Indebtedness Series 1997	General Obligation Series 1990	
	Cemetery			Nonmajor Governmental Funds
Cash	\$ 1,470	\$ -	\$ 45,450	\$ 46,920
Interest-bearing deposits, at cost	6,820	99,675	72,496	178,991
Receivables:				
Taxes	-	-	919	919
Interest	19	85	165	269
Total assets	<u>\$ 8,309</u>	<u>\$ 99,760</u>	<u>\$ 119,030</u>	<u>\$ 227,099</u>
FUND BALANCES				
Fund balances:				
Reserved for debt service	-	99,760	119,030	218,790
Unreserved, undesignated	<u>8,309</u>	<u>-</u>	<u>-</u>	<u>8,309</u>
Total fund balances	<u>\$ 8,309</u>	<u>\$ 99,760</u>	<u>\$ 119,030</u>	<u>\$ 227,099</u>

TOWN OF OBERLIN, LOUISIANA
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2002

	<u>Special Revenue</u>	<u>Debt Service</u>		
		Certificates of Indebtedness Series 1997	General Obligation Series 1990	
	<u>Cemetery</u>			<u>Total</u>
Revenues:				
Taxes	\$ -	\$ -	\$ 36,378	\$ 36,378
Charges for services	915	-	-	915
Miscellaneous	173	2,744	1,761	4,678
Total revenues	<u>1,088</u>	<u>2,744</u>	<u>38,139</u>	<u>41,971</u>
Expenditures:				
Current -				
General government:				
Salaries	900	-	-	900
Payroll taxes	89	-	-	89
Insurance	1,454	-	-	1,454
Miscellaneous	-	-	381	381
Total general government	<u>2,443</u>	<u>-</u>	<u>381</u>	<u>2,824</u>
Debt service -				
Principal retirement		50,000	18,000	68,000
Interest and fiscal charges	-	18,150	6,216	24,366
Total debt service	<u>-</u>	<u>68,150</u>	<u>24,216</u>	<u>92,366</u>
Total expenditures	<u>2,443</u>	<u>68,150</u>	<u>24,597</u>	<u>95,190</u>
Excess (deficiency) of revenues over expenditures	(1,355)	(65,406)	13,542	(53,219)
Other financing sources:				
Transfer from General Fund	<u>1,528</u>	<u>73,125</u>	<u>-</u>	<u>74,653</u>
Excess of revenues and other sources over expenditures	173	7,719	13,542	21,434
Fund balances, beginning	<u>8,136</u>	<u>92,041</u>	<u>105,488</u>	<u>205,665</u>
Fund balances, ending	<u>\$ 8,309</u>	<u>\$99,760</u>	<u>\$ 119,030</u>	<u>\$227,099</u>

TOWN OF OBERLIN, LOUISIANA
Nonmajor Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
Year Ended June 30, 2002
With Comparative Actual Amounts for Year Ended June 30, 2001

	2002			
	Budget	Actual	Variance - Favorable (Unfavorable)	2001 Actual
Revenues:				
Charges for services	\$ 250	\$ 915	\$ 665	\$ 590
Miscellaneous - interest	200	173	(27)	248
Total revenues	<u>450</u>	<u>1,088</u>	<u>638</u>	<u>838</u>
Expenditures:				
Current -				
General government:				
Salaries	1,100	900	200	1,050
Payroll taxes	110	89	21	86
Insurance	<u>1,520</u>	<u>1,454</u>	<u>66</u>	<u>1,073</u>
Total expenditures	<u>2,730</u>	<u>2,443</u>	<u>287</u>	<u>2,209</u>
Deficiency of revenues over expenditures	(2,280)	(1,355)	925	(1,371)
Other financing source:				
Transfer from General Fund	<u>2,700</u>	<u>1,528</u>	<u>(1,172)</u>	<u>1,619</u>
Excess of revenues and other source over expenditures	420	173	(247)	248
Fund balance, beginning	<u>8,136</u>	<u>8,136</u>	-	<u>7,888</u>
Fund balance, ending	<u>\$ 8,556</u>	<u>\$ 8,309</u>	<u>\$ (247)</u>	<u>\$ 8,136</u>

TOWN OF OBERLIN, LOUISIANA
Nonmajor Debt Service Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Year Ended June 30, 2002
With Comparative Actual Amounts for Year Ended June 30, 2001

	Certificates of Indebtedness Series 1997				General Obligation Bonds Series 1990			
	2002				2002			
	Budget	Actual	Variance - Favorable (Unfavorable)	2001 Actual	Budget	Actual	Variance - Favorable (Unfavorable)	2001 Actual
Revenues:								
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ 34,500	\$ 36,378	\$ 1,878	\$ 35,305
Miscellaneous - interest	3,800	2,744	(1,056)	6,508	2,600	1,761	(839)	3,816
Total revenues	<u>3,800</u>	<u>2,744</u>	<u>(1,056)</u>	<u>6,508</u>	<u>37,100</u>	<u>38,139</u>	<u>1,039</u>	<u>39,121</u>
Expenditures:								
Current -								
General government:								
Miscellaneous	-	-	-	-	500	381	-	358
Debt service -								
Principal retirement	50,000	50,000	-	45,000	18,000	18,000	-	17,000
Interest and fiscal charges	18,150	18,150	-	20,625	6,216	6,216	-	7,474
Total debt service	<u>68,150</u>	<u>68,150</u>	<u>-</u>	<u>65,625</u>	<u>24,216</u>	<u>24,216</u>	<u>-</u>	<u>24,474</u>
Total expenditures	<u>68,150</u>	<u>68,150</u>	<u>-</u>	<u>65,625</u>	<u>24,716</u>	<u>24,597</u>	<u>-</u>	<u>24,832</u>
Excess (deficiency) of revenues over expenditures	(64,350)	(65,406)	(1,056)	(59,117)	12,384	13,542	1,039	14,289
Other financing source:								
Transfer from General Fund	<u>97,500</u>	<u>73,125</u>	<u>(24,375)</u>	<u>48,750</u>	-	-	-	-
Excess (deficiency) of revenues and other source over expenditures	33,150	7,719	(25,431)	(10,367)	12,384	13,542	1,039	14,289
Fund balances, beginning	<u>92,041</u>	<u>92,041</u>	<u>-</u>	<u>102,408</u>	<u>105,488</u>	<u>105,488</u>	<u>-</u>	<u>91,199</u>
Fund balances, ending	<u>\$125,191</u>	<u>\$ 99,760</u>	<u>\$(25,431)</u>	<u>\$ 92,041</u>	<u>\$117,872</u>	<u>\$119,030</u>	<u>\$ 1,158</u>	<u>\$ 105,488</u>

TOWN OF OBERLIN, LOUISIANA
Enterprise Fund
Utility Funds

Schedule of Number of Utility Customers
(Unaudited)
June 30, 2002

Records maintained by the Town indicated the following number of customers were being served during the month of June 2002 and 2001:

<u>Department</u>	<u>2002</u>	<u>2001</u>
Gas (metered)	585	597
Water (metered)	777	784
Sewerage	670	679

TOWN OF OBERLIN, LOUISIANA

Schedule of Insurance in Force
(Unaudited)
June 30, 2002

Description of Coverage	Coverage Amounts
Workmen's Compensation - Employer's liability	\$ 100,000
Surety Bonds -	
Town clerk	50,000
Mayor	5,000
Police chief	5,000
Utility collections clerk	5,000
Other	30,000
General liability	
Each occurrence	500,000
Aggregate	2,000,000
Fire, extended coverage, blanket policy:	
All town buildings and contents	433,699
General aggregate	3,000,000
Electronics data processing equipment	8,000
Mobile equipment	127,896
General liability	
Law enforcement - each occurrence and aggregate	1,000,000
Fire department - each occurrence	500,000
- general aggregate	1,000,000
Comprehensive liability and collision:	
Fleet coverage policy varies with vehicle in accordance with the policy for each vehicle -	
Liability:	
Police	300,000
Fire	300,000
Uninsured motorist bodily injury:	
Police	30,000
Fire	300,000
Public officials' and employees' errors and omissions (aggregate)	1,000,000

TOWN OF OBERLIN, LOUISIANA

Combined Schedule of Interest-Bearing Deposits - All Funds June 30, 2002

	Financial Institution	Maturity Date	Interest Rate	Amount
General Fund:				
Emergency reserve certificate of deposit	(F)	7/31/02	2.75%	\$ 5,338
Section 8 Administration money market account	(F)	N/A	2.02%	2,543
Total General Fund				<u>7,881</u>
Special Revenue Funds:				
Sales Tax Fund certificate of deposit	(C)	10/14/02	2.09%	21,534
Sales Tax Fund certificate of deposit	(C)	9/28/02	2.09%	20,208
Sales Tax Fund certificate of deposit	(F)	7/23/02	4.25%	73,809
Cemetery Fund certificate of deposit	(C)	11/13/02	1.81%	3,299
Cemetery Fund certificate of deposit	(C)	10/23/02	1.81%	3,521
Total Special Revenue Funds				<u>122,371</u>
Debt Service Funds:				
Certificates of Indebtedness Series 1997 - Certificate of deposit	(H)	7/12/02	1.74%	99,675
General Obligation Bonds Series 1990 - Certificate of deposit	(C)	11/13/02	1.81%	72,496
Total Debt Service Fund				<u>172,171</u>
Utility Funds:				
Unrestricted assets -				
Certificate of deposit	(F)	11/15/02	3.50%	9,809
Certificate of deposit	(F)	11/15/02	3.50%	12,241
Certificate of deposit	(C)	11/13/02	1.81%	2,650
Certificate of deposit	(C)	9/22/02	1.89%	7,814
Sewer Construction fund money market account	(F)	N/A	2.02%	7,954
Restricted assets -				
Certificate of deposit	(F)	11/15/02	3.50%	23,473
Certificate of deposit	(F)	11/15/02	3.50%	34,486
Total Utility Funds				<u>98,427</u>
Total - all funds				<u>\$400,850</u>
Investments with:				
(C) Cameron State Bank, Lake Charles, Louisiana				
(F) First Federal of Allen Parish				
(H) Hibernia National Bank, Oberlin, Louisiana				

TOWN OF OBERLIN, LOUISIANA
Enterprise Funds
Utility Funds

Comparative Operational Analysis of Revenues and Expenses
Years Ended June 30, 2002 and 2001

	Totals		Gas		Water and Sewer	
	2002	2001	2002	2001	2002	2001
Operating revenues:						
Charges for services -						
Customers	\$ 635,113	\$ 624,995	\$362,419	\$414,659	\$ 272,694	\$ 210,336
Delinquent charges	13,958	14,488	8,582	8,754	5,376	5,734
Miscellaneous	4,805	2,156	410	501	4,395	1,655
Total operating revenues	<u>653,876</u>	<u>641,639</u>	<u>371,411</u>	<u>423,914</u>	<u>282,465</u>	<u>217,725</u>
Operating expenses:						
Salaries	134,480	118,103	67,240	58,804	67,240	59,299
Payroll taxes	9,776	9,403	4,858	4,673	4,918	4,730
Health insurance	72,974	58,984	35,427	29,492	37,547	29,492
Natural gas purchases	164,997	285,224	164,997	285,224	-	-
Repairs and maintenance	44,791	20,846	23,898	632	20,893	20,214
Insurance	48,258	30,548	24,129	15,274	24,129	15,274
Office expense	1,662	1,341	860	642	802	699
Supplies	54,469	59,138	11,967	15,520	42,502	43,618
Professional fees	29,365	26,249	20,423	15,389	8,942	10,860
Telephone and utilities	35,285	41,275	5,467	5,445	29,818	35,830
Bad debts	-	4,075	-	2,707	-	1,368
Depreciation	58,117	58,103	6,610	6,362	51,507	51,741
Miscellaneous	10,008	8,095	3,819	2,667	6,189	5,428
Total operating expenses	<u>664,182</u>	<u>721,384</u>	<u>369,695</u>	<u>442,831</u>	<u>294,487</u>	<u>278,553</u>
Operating income (loss)	<u>(10,306)</u>	<u>(79,745)</u>	<u>1,716</u>	<u>(18,917)</u>	<u>(12,022)</u>	<u>(60,828)</u>
Nonoperating revenues (expenses):						
Interest income	3,846	5,327	1,356	1,718	2,490	3,609
Interest expense	(4,645)	-	-	-	(4,645)	-
Total nonoperating revenues (expenses)	<u>(799)</u>	<u>5,327</u>	<u>1,356</u>	<u>1,718</u>	<u>(2,155)</u>	<u>3,609</u>
Income (loss) before transfers	<u>(11,105)</u>	<u>(74,418)</u>	<u>3,072</u>	<u>(17,199)</u>	<u>(14,177)</u>	<u>(57,219)</u>
Transfers in (out):						
Water and Sewer Utility Fund	5,122	4,394	5,122	4,394	-	-
Sales Tax Fund	-	10,000	-	5,000	-	5,000
General Fund	10,347	5,729	6,804	21,255	3,543	(15,526)
Gas Utility Fund	(5,122)	(4,394)	-	-	(5,122)	(4,394)
Total transfers in (out)	<u>10,347</u>	<u>15,729</u>	<u>11,926</u>	<u>30,649</u>	<u>(1,579)</u>	<u>(14,920)</u>
Net income (loss)	<u>(758)</u>	<u>(58,689)</u>	<u>14,998</u>	<u>13,450</u>	<u>(15,756)</u>	<u>(72,139)</u>
Capital contributions	<u>22,100</u>	<u>228,381</u>	<u>18,500</u>	<u>-</u>	<u>3,600</u>	<u>228,381</u>
Increase (decrease) in net assets	<u>21,342</u>	<u>169,692</u>	<u>33,498</u>	<u>13,450</u>	<u>(12,156)</u>	<u>156,242</u>
Net assets, beginning	<u>2,061,606</u>	<u>1,891,914</u>	<u>105,029</u>	<u>91,579</u>	<u>1,956,577</u>	<u>1,800,335</u>
Net assets, ending	<u>\$2,082,948</u>	<u>\$2,061,606</u>	<u>\$138,527</u>	<u>\$105,029</u>	<u>\$1,944,421</u>	<u>\$1,956,577</u>

**COMPLIANCE
AND
INTERNAL CONTROL**

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Phillip W. Beard, Mayor
and Members of the Board of Aldermen
Town of Oberlin, Louisiana

We have audited the basic financial statements of the Town of Oberlin, Louisiana (the Town) as of and for the year ended June 30, 2002, and have issued our report thereon dated October 24, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as item 02-1(C).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as item 02-2(IC).

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness.

We also noted other matters involving the internal control over financial reporting that we have reported to management of the Town in a separate letter dated October 24, 2002.

This report is intended for the information of management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties. However, this report is a matter of public record and its distribution is not limited.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
October 24, 2002

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Phillip W. Beard, Mayor
And Members of the Board of Aldermen
Oberlin, Louisiana

Compliance

We have audited the compliance of the Town of Oberlin, Louisiana (the Town) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2002. The Town's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002.

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Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties. However, this report is a matter of public record and its distribution is not limited.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
October 24, 2002

TOWN OF OBERLIN, LOUISIANA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2002

<u>Federal Grantor/Pass-Through Grantor/Program Name</u>	<u>CFDA Number</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
United States Department of Agriculture - Rural Utilities Service: Water and Waste Disposal Systems for Rural Communities	10.760	\$ -	\$881,573
United States Department of Justice - COPS Fast Grant		<u>9,470</u>	<u>9,470</u>
Total		<u>\$ 9,470</u>	<u>\$891,043</u>

TOWN OF OBERLIN, LOUISIANA

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2002

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Town of Oberlin (the Town). The Town's reporting entity is defined in Note 1 to the basic financial statements for the year ended June 30, 2002. All federal financial loan proceeds received directly from federal agencies is included on the schedule as well as federal financial assistance passed through other government agencies. The Rural Utilities Service loan proceeds was considered a major federal program of the Town for the year ended June 30, 2002.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Town's financial statements for the year ended June 30, 2002

TOWN OF OBERLIN, LOUISIANA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2002

Part I. Summary of Auditors' Results:

1. An unqualified opinion was issued on the financial statements.
2. One reportable condition in internal control was disclosed by the audit of the financial statements. This reportable condition was considered to be a material weakness.
3. One instance of noncompliance was disclosed by the audit of the financial statements.
4. No reportable conditions in internal control over the major program were disclosed by the audit of the financial statements.
5. An unqualified opinion was issued on compliance for the major program.
6. The audit disclosed no audit findings required to be reported under Section 510(a) of Circular A-133.
7. The major program was the U.S. Department of Agriculture Rural Utilities Service Water and Waste Disposal Systems for Rural Communities Program.
8. The dollar threshold used to distinguish between Type A and Type B programs, as described in Section 520(b) of Circular A-133 was \$300,000.
9. The auditee did not qualify as a low-risk auditee under Section 530 of Circular A-133.

Part II. Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

A. Compliance Findings –

See compliance finding 02-1(C) on Summary Schedule of Current and Prior Year Audit Findings and Corrective Action Plan.

B. Internal Control Findings –

See internal control finding 02-2(IC) on Summary Schedule of Current and Prior Year Audit Findings and Corrective Action Plan.

Part III. Findings and questioned costs for Federal awards which include audit findings as defined in Section 510(a) of Circular A-133:

There are no findings required to be reported under the above guidance.

TOWN OF OBERLIN, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings and Corrective Action Plan Year Ended June 30, 2002

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<u>CURRENT YEAR (6/30/02) --</u>						
<u>Compliance:</u>						
02-1(C)	2002	The Town paid a one-time supplement to each of its employees in December 2001 amounting to \$16,202. This supplement was funded from the grant revenues that the Town receives from the Coushatta Tribe of Louisiana. This supplement paid violated Article VII, Section 14 (A) of the Louisiana Constitution that prohibits the use of public funds for this purpose.	Yes	The Town has reviewed this policy and concurs with this finding. No supplement will be paid to employees in the future.	Barbara Murray, Town Clerk	6/30/02
<u>Internal Control:</u>						
02-2(IC)	Unknown	Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Barbara Murray, Town Clerk	N/A
<u>Management Letter:</u>						
02-3(ML) Item 1	2000	Consideration should be given to increasing rates and/or decreasing expenses in order to generate a profit in the Water and Sewer Utility Funds.	No	Town officials recently increased utility rates and are continuing to closely monitor expenses in order to operate at a profit.	Barbara Murray, Town Clerk	Immediately
02-4(ML) Item 2	1999	The town should explore the possibility of obtaining more competitive rates for group insurance.	No	Town officials have changed its insurance carrier to achieve lower rates.	Barbara Murray, Town Clerk	6/30/03

(continued)

TOWN OF OBERLIN, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (Continued)
Year Ended June 30, 2002

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<u>PRIOR YEAR (6/30/01) --</u>						
<u>Compliance:</u>						
01-1(C)	2001	The conflict of interest clause in the contract for services between the Louisiana Housing Development Corporation and the Town of Oberlin was violated when rental payments were made to the Director of the Section 8 program.	Yes	A receivable from the Director of the HUD Section 8 program in the amount of \$2,358 has been recorded and has been paid back to the Town. The results of the audit have been turned over to the Allen Parish District Attorney.	Barbara Murray, Town Clerk	Immediately
<u>Internal Control:</u>						
01-2(IC)	Unknown	Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Barbara Murray, Town Clerk	N/A
<u>Management Letter:</u>						
01-3(ML) Item 1	2000	Consideration should be given to increasing rates and/or decreasing expenses in order to generate a profit in the Gas and Water and Sewer Utility Funds.	No	Town officials will closely monitor gas, water and sewer department expenses in the future.	Barbara Murray, Town Clerk	6/30/02
01-4(ML) Item 2	1999	The town should explore the possibility of obtaining more competitive rates for group insurance.	No	The town officials will adhere to this recommendation.	Barbara Murray, Town Clerk	6/30/02